

THE ALABAMA PREPAID AFFORDABLE COLLEGE TUITION PROGRAM
MEETING OF THE BOARD OF DIRECTORS
MINUTES
February 18, 2020

Present:

Treasurer John McMillan, Chair
Mr. Marc Green for Dr. David Bronner
Mr. Robert Bradley
Ms. Patti Lambert
Mr. Kelly Butler
Dr. Ken Tucker
Mr. Tommy Dismukes
Sen. Garlan Gudger
Gen. Paul Hankins

Absent:

Rep. Bill Poole
Ms. Sara Calhoun for Mr. Jimmy Baker
Dr. James Purcell
Sen. Donnie Chesteen
Ms. Michelle Granberry
Mr. Jason Alderman

Others present include:

Ms. Daria Story, Assistant Treasurer
Ms. Anita Kelley, Program Director
Ms. Brittany Carter, External Affairs
Mr. Dan Sherman, Sherman Actuarial Services (phone)
Ms. Amanda Parrish, PACT Staff
Mr. George McCurdy, Regions Bank
Mr. Larry Ransburgh, Regions Bank
Ms. LeeAnn Herron, Regions Bank
Ms. Diane Steinhilber, Jackson Thornton

Pursuant to written and public notice, the quarterly meeting of the Board of Directors of the PACT Program was held in the RSA Union Conference Room 683 on February 18, 2020. The meeting was called to order by Chair John McMillan at 11:00 a.m.

Roll was taken with a quorum present.

Chair McMillan presented the minutes of the November 13, 2019 board meeting. A motion for approval of the minutes as presented was made by Gen. Hankins, seconded by Mr. Bradley, with unanimous approval.

Chair McMillan asked Anita Kelley for a program report. Ms. Kelley provided information on program activities, plan assets, revenues and disbursements, and the budget for fiscal year 2020. She discussed tuition payments and stated the program paid out benefits in the amount of \$17.3 million to 4,603 students from 11/01/19 through

1/31/2020 and noted that the number of active accounts was 12,930. A transfer from the Education Trust Fund in the amount of \$15 million was received on 01/08/20. The report was received as informational.

Chair McMillan called on George McCurdy with Regions Bank to present the quarterly investment report. Mr. McCurdy gave an economic and financial market update. He discussed the characteristics of the portfolio versus the Index. He stated total returns for the portfolio were .51% for the quarter and 3.46% YTD. The report was received as informational.

Chair McMillan called on Dan Sherman with Sherman Actuarial Services to present the quarterly actuarial report. He stated the asset value as of 12/31/19 was \$95,445,384 and the trust had a surplus of \$60 million and noted the funded ratio was 120.5% compared to the 9/30/2019 ratio of 116.6%. He also reviewed a spreadsheet of the projected cash flows, assets and liabilities through year 2032. The report was received as informational.

Chair McMillan called on Diane Steinhilber with Jackson Thornton to present the annual audit report for the 2019 fiscal year. Ms. Steinhilber provided a summary of the Independent Auditor's Report that included the management's responsibility for the financial statements and the auditor's responsibilities as well as their unqualified opinion. She discussed the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. Ms. Steinhilber stated that there were no noted deficiencies in internal controls. No instances of non-compliance or other matters that are required to be reported were found. The report was received as informational.

Chair McMillan stated that the Statement of Economic Interests forms are due by 4/30/20.

Chair McMillan informed the Board that the PACT Annual Report was submitted to the Governor and the legislature as required.

Chair McMillan presented a resolution regarding Maria Campbell and her service to the PACT Board. A motion to approve the resolution was made by Gen. Hankins, seconded by Mr. Dismukes, with unanimous approval. Chair McMillan said that Jason Alderman had been appointed to the Board to fill Ms. Campbell's vacancy.

There being no further business to be discussed, a motion to adjourn was made by Dr. Tucker, seconded by Ms. Lambert, with unanimous approval. The meeting adjourned at 11:25 a.m.

Anita Kelley, Director

John McMillan, Chair